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BY ELECTRONIC MAIL

July 19, 2023

Ms. Yanira Raíces Vega
Acting Secretary
Puerto Rico Department of Education

Re: Truenorth Corp.

Dear Ms. Raíces Vega:

In accordance with the Contract Review Policy (the “Policy”) of the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), established pursuant to Section 204(b)(2) of PROMESA, we have reviewed the proposed amendment to the contract between the Puerto Rico Department of Education (“PRDE”) and Truenorth Corp. (the “Proposed Amendment”).

After reviewing the Proposed Amendment, the Oversight Board concludes “Approved with Observations.” Observations related to the Proposed Amendment are set forth in Appendix A attached hereto.

Our review is solely limited to compliance of the Proposed Amendment with Section 204(b)(2) of PROMESA, which seeks to ensure proposed contracts promote market competition and are not inconsistent with approved Fiscal Plans. For the avoidance of doubt, the review performed by the Oversight Board does not constitute a legal review of the contractual documentation or the contracting process, including without limitation: (i) compliance with contracting requirements under applicable laws, rules, and regulations, both federal and local; and (ii) compliance with applicable laws, rules, and regulations governing procurement activities, both federal and local.

In addition, the Oversight Board has not engaged in any due diligence or background check with respect to the contracting parties nor whether the contracting parties comply with the requirements under the applicable contract. Any material changes to the Proposed Amendment or the original contract must be submitted to the Oversight Board for review and approval **prior to execution**.

Ms. Raíces Vega

July 19, 2023

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This letter is delivered as of the date hereof and we reserve the right to provide additional observations and modify this letter based on information the Oversight Board was not directed to when the review was conducted. In addition, during the course of our review, we may receive information that we may refer to the relevant authorities.

This letter is issued only to the PRDE and solely with respect to the Proposed Amendment.

Sincerely,



Jaime A. El Koury
General Counsel

APPENDIX A

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PUERTO RICO DEPARTMENT OF EDUCATION – TRUENORTH CORP.

Fiscal Plan Alignment

This review covers the Proposed Amendment to the contract (the “Original Contract”) between PRDE and Truenorth Corp.

The Original Contract is for the provision of preventative and maintenance services related to the technology information systems of up to 855 eligible schools through the Schools and Libraries Division of the Universal Service Fund, as well as 6 ineligible schools and 42 ineligible non-instructional PRDE facilities.

The Original Contract stems from a competitive procurement process (RFP No. PRDE-OSIATD-2021-002) issued on February 1, 2021, and was executed on August 18, 2021. It has a term from the date of execution to **June 30, 2025**, and a maximum payable amount of **\$15,608,595.52**, with an optional one-year extension. We remind the PRDE that in the event it intends to exercise any extension to the Original Contract, such extension must be submitted to the Oversight Board for review and approval prior to execution in accordance with the Policy.

The Original Contract was amended once, on August 15 2022, to outline the annual allocation of funds (\$4,068,036.88 for Fiscal Year 2022 and \$3,682,223.59 for Fiscal Year 2023) and identify the designated account for payments. Notably, neither the Original Contract nor the amendment were submitted to the Oversight Board for review and approval prior to execution in violation of the Policy. We therefore remind the PRDE that all contracts or series of related contracts, inclusive of any amendments, modifications or extensions with an aggregate expected value of \$10 million or more must be submitted to the Oversight Board for review and approval prior to execution.

The Proposed Amendment assigns **\$3,805,923.14** from **July 1, 2023 to June 30, 2024**, for a total of **\$11,556,183.61** of the \$15,608,595.52 contemplated throughout the total term. It shall be funded with a mix of State and Federal Funds allocated in **Account No. E1260-111-01080000-3002-002-2024**.

The PRDE has certified that the funds required for payments under the Proposed Amendment are allocated in the corresponding account. As such, the Oversight Board’s review indicates that the PRDE has sufficient budgeted funds in Fiscal Year 2024 to cover the cost of the Proposed Amendment as of the date of this letter. This determination does not consider the extent to which total available funds will be subsequently encumbered by the PRDE throughout the Proposed Amendment’s term. Consequently, we rely on the PRDE’s budget certification for purposes of this review.

In the event that the Proposed Amendment causes the PRDE to exceed its budget, it must find savings in other areas to cover any overbudgeted amounts and request a reapportionment of any identified funds to the Oversight Board in order to ensure compliance with the Fiscal Year 2024 Certified Budget. Insofar as the Original Contract will be funded with future certified budgets, the PRDE must ensure that such budgets incorporate all costs related to the Proposed Amendment.

APPENDIX A

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Finally, we note that that the Proposed Amendment was submitted to the Oversight Board on June 30, 2023, with the intention that it be executed on July 1, 2023. We emphasize that the Policy clearly states that “[i]n the case of proposed **amendments** to existing contracts, the Commonwealth or covered instrumentality, as applicable, **must** submit the required documentation within a minimum of **30 calendar days** prior to the proposed execution date of such amendment.”

The PRDE is expected to inform the Oversight Board of any budgetary differences other than those specified in Appendix A (Contract Submission Questionnaire) and to request a re-review of the Proposed Amendment should any changes occur.

This review was conducted on the basis of information submitted by the PRDE. The Oversight Board has not independently verified the information included in the submission. Should the Oversight Board become aware of any inaccuracies or misrepresentations – whether intentional or not – it would re-evaluate its assessment.